Interview with Elena Zambon, President, Zambon

13.06.2010

Tags: Zambon

You declared in a recent interview that Zambon Group will always keep complying with the vision of your father Alberto, who has always refused acquisition offers from multinationals- a striking approach, in a context of pharmaceutical clusters when so many Italian players have been swallowed by wider structures. Which specific elements of Zambon's philosophy enabled the company to get where it is today, keeping growing organically from 1906 thoughout three generations, still remaining independent?

Zambon is one of the few pharmaceutical laboratories that can rely on 102 years of History. The company has continuously changed, based on the organizational needs and the industry evolution. We understand that an innovative approach requires the courage to try every new opportunity and sometimes we need to improve physiologically. Our competitive advantage is a long term view which throughout the years have allowed us to retain the same values, avoiding short-sighted decisions and any dangerous consequences.Zambon Museum, which is not a pure scientific museum, was opened in July 2008 in order to better portray these values that enabled the company to follow its path over such a long period.Nowadays, Zambon still follows the same approach, translating strong values into concrete behaviour, never forgetting that above compliance to regulatory issues, the company's core mission is to take care about people's health. You have examples of this responsible and ethical attitude in the daily operations when you are offered a license product that is not in line with our values.

In a context of new emerging challenges for pharmaceutical companies, the survivors are not the strongest ones but the most responsive to change. As there is an obvious need for new organizational models, what have been the main evolutions of the group in this regard?

There is no doubt that the industry shall continuously re- invent itself. Zambon has adopted an organizational model that permits agility and quick decision making in order to continue aligning our structure and resources with our priority targets.The two main assets on which the second generation had to bet on were research and internationalization.For this reason, Zambon has been one of the first companies to enter foreign markets, starting Brazilian activities in 1956. And on the other hand, Zambon's faith in research has always been maintained.Today, in order to feed our pipeline, we changed our role in the R&D process, where we now act as a selector of innovative projects integrating our chemical competencies and in collaboration with our corporate incubator, Z-Cube, focused on Drug Delivery Technology.Researchers have to be considered as creative entrepreneurs, who give birth to the projects which then enable portfolio expansion. For this reason, laboratories shall never forget that researchers have to stay involved in strategic choices, as they know better what is good for the project they created themselves. Many multinationals committed such a mistake in the 1980s, developing thousands square meters laboratories which were dramatically lacking flexibility, and therefore not delivering satisfying results.

In particular, what was the rationale behind the new strategy launched in 2007 which led to the separation of the pharmaceutical and chemical entities -now respectively operating under the names Zambon Spa and ZaCh- and what did it bring in terms of increased focus and flexibility?

Both activities always followed very different strategies -chemical production being a B to B business, while pharmaceutical focuses on B to C- and the separation of the two business lines aims to better respond to the need of the market. In order to adapt Zambon Spa to recent market trends, the pharmaceutical business is now led by Mr Roberto Consonni, who has also a strong experience in mass-market leading companies and on the chemical side – now led by Jean Francois Marcopoulos. With a more focused strategy allows easier and quicker decision processes, as shown by ZaCH's acquisition of PPG in 2007.Nevertheless, the ability to carry out both chemical and pharmaceutical activities in an integrated process has always been and will remain one of the group's strongest assets. Staying agile and flexible, the company will always keep building on the connections and interactions between Zambon and ZaCH.In addition, I believe that future inspiration can also come from other markets. For instance, I consider that banking and pharmaceuticals have a lot in common, health and asset management are both relying on the trust of customers who decide to place the most precious things they have in the hands of other

individuals. As a consequence, we cant’t compete only on the product but we need to complete our offer with a wider range of solutions and services that can be inspired by other sectors.An example of this has been the recent launch of Fluirespira Didactys, a new aerosol for children proposing 100 educative games, enabling the patient to relax during the treatment, therefore making it more enjoyable but also increasing its efficiency. Patenting, producing and launching such an innovative delivery system shows how Zambon is committed not only to discover new molecules, but also to offer services and solutions beyond the product itself in order to improve the patient’s well-being.

Looking closer at the chemical side, custom synthesis is a core activity of ZaCH’s three GMP compliant and FDA approved plants. In the light of rising competition from emerging markets but also from chemical entities of others multinationals and from key local producers, why should companies should ZaCh to outsource their chemical production?

Not all countries are equivalent in terms of expertise and capabilities.Traceability of API is a crucial issue, and seems to be very problematic for Indian and Chinese producers. You have different levels of respect for rules: GMP, environmental issues and safety.As a multigenerational company, Zambon developed a long-term relationship with customers; building up a strong relationship requires a lot of time and effort. For this reason, competition from emerging markets is not a real issue, as the level of ethics and quality of most of these producers are not nearly comparable to Zambon’s heritage of values. And as a consequence, the group is developing its presence in India and China only through joint ventures or fully-owned subsidiaries.Looking ahead we want to select more projects by improving our customer relationship, select new long term technologies that cannot be transferred in emerging countries, and optimize our efficiency.

As Zambon’s international strategy is one of the main values transmitted by your father Alberto, how is the distribution between Italian and overseas turnover expected to evolve over the coming years and which will be the guidelines of future internationalization processes?

According to the provisional results for 2008, out of a total turnover of 552 million Euros, 115 are generated by the Italian market, 97 by Spain, 75 by France, 35 by Brazil and 17 by Russia.In each country, the main brands -Fluimucil, Monuril and Spidifen – have different weights among the total portfolio, due to specific market trends and consumption behaviours. And these specificities have to be integrated to the international strategy, maintaining a correct balance between autonomy of local managers and coordination at the central level. The word “headquarters” is not part of Zambon’s vocabulary, and the group’s definition of a “multinational” is a structure which involves each identity in a stimulating process. Affiliates can communicate and learn from each others, sharing business practices and marketing techniques, product positioning strategies- always

duplicating their efforts to find the best ideas.For instance, when during a general meeting all the workforce is invited to discover Zambon’s activities in Russia through in-depth presentations including all the economical and cultural aspects of the country, everyone really feels part of a the same family, sharing ideas across the world’s borders. Such events really show that entrepreneurial spirit can be maintained and integrated into a multinational structure.

Relying on this heritage of special values and such a strong entrepreneurial spirit, what are the goals of Zambon’s third generations?

Zambon’s third generation has been and will keep building on historical values, adapted to the new business environment. This heritage is transmitted to young managers by senior ones, and is now part of the company’s DNA, as well as the ability to read the past and learn from previous experience.But in the current context, it is more crucial than ever to connect all the company’s skills and competencies. For this reason, the old hierarchic organizational model has been changed into a broad network, traditional leaders being replaced by facilitators and coordinators, changing the way to value skills and competencies.The best recent example of integrating various competences into common goals has been the launch of Z-Cube in 2003. This new “industrial incubator “ helps translating research into business and is now investing in three projects, selected out of the 900 initially screened. But instead of adopting the same vision as many multinationals, buying promising start-ups and inhibiting the researchers’ entrepreneurial spirit, Z-Cube is flexible enough to enable researchers to remain shareholders of their projects. Partnering with a family group such as Zambon is an opportunity for small companies who struggle to cover their regulatory costs to become part of a wider network still keeping the management of their own activities.

On a more personal note, how would you describe the challenge of being a woman in an environment leaded my men?

I don’t’ believe there is a great difference because it depends on the characteristics of the person – whether it be a man or woman -. However it would have been easier to be a man, as women always have to conciliate their career with the well-being of their family and their educational role, which is not an easy task. But because of this necessity to be efficient at different levels at the same time, a feminine approach also brings flexibility to companies.In my opinion, feminine points of view can bring different value. The feminine approach can give more value to the human aspects of organization.In reality, only passion enables individuals to do their best and surpass their limits. And leaders should not forget that their people will be passionate if they are fully engaged, fully involved.You can ask people to follow in challenging projects only if you really want to share with them all your positive energies to serve the company. It’s a culture that probably

comes from another mentality underlining the social function of the organization.As a pill of the past you may appreciate this strong message from our founder, which is still very true for us in Zambon:“All of us – managers, employees, factory workers – we are the heartbeat of this organization…We have to feel equally engaged to the continuous industrial progress from which comes the wellbeing of each of us”Gaetano ZambonJune 1956

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